Oklahoma CURRENT FARM ECONOMICS

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Summary

(**Editor's Note:** While the summary is helpful as a quick review, the complete report enables the reader to be fully informed.)

General.—Built-up inventories in some consumer goods, some decrease in consumer demand, and credit controls have caused, at least for a time, some leveling off in the upward trend of prices. This partial halt is expected to last no more than two or three months. The present relationship between cost and price is favorable for Oklahoma farmers, the parity index being 124 in March as compared to 100 one year earlier.

Cotton.—A considerable increase in planted acreage is expected in Oklahoma, and cotton probably will sell for 30 to 45 cents per pound. It appears now that difficulty in getting the cotton harvested will be an important factor this fall.

Wheat.—Production prospects are unfavorable, and prices are expected to remain high.

Feed.—The feed grain supply is declining rapidly, but roughage and protein supplies appear to be ample for properly balancing livestock rations.

Castor Beans.—Production is expected to expand to about 27,000 acres in Oklahoma. Castor bean by-products are useful for defense. Prices are expected to be supported at about 10 cents per pound "hulled basis."

Hogs.—Increased volume in marketings has resulted in some lowering of prices. The hog-feed ratio, while not as favorable as in recent years, is expected to be about average for the year.

Poultry.—A continued strong demand for poultry and eggs to substitute for red meats will support poultry product prices.

Beef Cattle.—Record numbers of cattle on feed and for breeding stock, and a further expansion is expected. Meat production above last year, but increasing consumer income may keep prices at ceilings.

Sheep and Wool.—Prices will remain high for ewes for breeding, for lambs, and for wool.

Dairy Products.—Fluid milk prices expected to continue high as dairy product prices follow the trend of consumer income.

ON THE COVER: G. P. Collins, price specialist, Agricultural Economics staff, and Joyce Van Den Broeder, statistical clerk who prepares the price tables for *Current Farm Economics*. (Another in a series of pictures of Agricultural Economics and Extension Division staff members whose reports appear in this publication.)

Current Farm Economics

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The Agricultural Situation

General
- Demand 37
- Price 39
- Income 40

Crops
- Cotton 41
- Castor Beans 42
- Wheat 42

Feed 43

Livestock and Livestock Products
- Beef Cattle 44
- Dairy 46
- Hogs 47
- Poultry 48
- Sheep, Lambs and Wool 48

Level of Living on Oklahoma Farms 51

Tables of Prices and Price Indexes 56

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General

DEMAND

The wave of consumer buying during January and February was very similar to that experienced after the outbreak of the Korean conflict. This intensified consumer spending sent prices skyrocketing and resulted in the instigation of price and wage controls. These controls are now in a process of adjustment, in which higher prices and wages are being granted in some industries in an attempt to eliminate some of the inequalities which naturally exist when prices are frozen as of a particular date. In addition, more commodities are being included under price regulation. However, prices in general exhibited some tendency to level off beginning in March. Several factors other than price controls, and mostly temporary in nature, caused the leveling-off tendency.

One of the more important temporary factors which looms large during the next two months is the effect of the rapid increase in size of inventories during the first quarter of 1951. Inventories are extremely high in terms of dollars, but in terms of quantities they are up only moderately from the level existing during 1950, and perhaps are no larger than adequate for the January level of consumer spending. However, any slackening in consumer spending would cause some inventories to appear excessive.

If this happened, the supply of goods would become temporarily overabundant, because the partial liquidation of inventories would result in a cutback on orders to manufacturers and thus to the raw materials industries. This downward adjustment in inventories, if and when it comes, will be "spotty" at most. Not all types of goods would be affected, and it is probable that many durable goods would be excluded from these adjustments. In addition, the effect would be relatively short-lived, because any slack which may develop will soon be taken up by the pressure of governmental defense purchases.

Some areas or trade centers may experience a larger effect from inventory adjustments than other areas. This will be particularly true in those areas in which esculator cost-of-living clauses do not exist in the wage contracts of labor. In these cases, some migration of labor out of the areas, as well as a temporary oversupply of goods in inventory

positions, will result in a decreased demand for goods and services. For these areas, the effects may last considerably longer than two months, and may result in downward adjustments to a level which would exist until the end of the emergency period.

The second factor which may contribute to leveling of prices is the type of consumer demand evident in the heavy buying of goods and services during the first two months of the year. Consumers were purchasing on the basis of a prospective shortage of supplies later in the year. In other words, the philosophy of "let's buy now while goods are available" was a very important factor in increasing the demand during this period. This means that some of these purchases were only borrowed from purchases which would have been made later in the year. Unless the world situation becomes much less favorable, the demand for many goods should taper off to a more normal purchasing pattern, in which some downward adjustments from January are probable until the full effects of defense spending become apparent.

The third factor which may aid in leveling prices is the effect of credit controls, which have not had the effect on consumer buying anticipated at the time of instigation. Many people still had access to savings which could be used for purchases. Moreover, rising personal incomes allowed many consumers to meet the necessary higher down payments and shorter payment periods which augmented the amount of consumer credit outstanding. Of course, not all commodities experienced the same effects. In automobiles, for example, the restrictions were fairly effective in reducing the demand for the higher-priced used cars, but may have strengthened the demand for lower-priced used cars. The influence of these controls may be fairly effective during the next two months, especially for consumers who have committed a substantial portion of their current incomes.

In addition, loans to business firms are under close scrutiny by lending agencies. Bankers especially have been advised not to make loans to business firms in which the effects are primarily inflationary. If these lending agencies find that the volume of business has not been maintained, and that the inventories used as security have become primarily a speculative holding, then a reduction in loans may be forthcoming. If any of these loans must be reduced in a short period of time, there may be some inventory reduction which would create temporarily lower prices.

It would be misleading indeed to infer from the previous factors that leveling off in prices will prevail longer than two or three months, even with the aid of price and wage controls. This assumes, of course, that the world powers will *not* reach a peaceful agreement during the coming year. The need for flexibility to obtain the desired increase in production will permit the sale of most goods and services on the

basis of cost plus normal operating margin.* Unless offset by the combination of a greatly expanded consumer and armament production and a balanced federal budget, this flexible pricing system probably will result in gradually higher price for most commodities. At best, only temporarily lower prices are in prospect.

The total production of the economy has been increasing, and personal incomes have been rising. In all probability, both will continue to increase during the remainder of the year. In addition, the effects of defense expenditures are just now beginning to be felt in the economy on the scale which will prevail during the remainder of the year. By June, defense expenditures should be approaching the annual rate of 40 to 50 billion dollars. Larger production, fewer goods available for domestic consumption, and higher personal incomes will assure a strong demand. This demand likely will overshadow the temporary price depressing factors by mid-year, and contribute toward higher average prices during the remainder of the year for most commodities.

PRICE

The index of prices received by United States farmers in March at 311 percent of the 1910-14 average was down 2 points from the record high established in February, but remained 11 points higher than in January.** Decreases in prices of truck crops, hogs, dairy products, and food grains were more than enough to offset increases in other meat animals, poultry and egg, and cotton and cottonseed to cause this overall decline.

At the same time, the index of prices paid by farmers for both production and living items (including interest, taxes, and wage rates) increased 4 points from February to 280 percent of the 1910-14 average on March 15, 1951. Consequently, the parity ratio (ratio of prices received by farmers to prices paid by farmers) declined 2 points from February to 111. Although the March 1951 parity ratio is below the record high of 122 established in October 1946, it is very favorable when compared with the parity ratio of 95 on March, 1950.

Prices received by Oklahoma farmers did not follow the national pattern. The index of prices received in March increased 5 points from February to 351 percent of the 1910-14 average. During the same period, the unrevised index of prices paid by farmers (excluding interest and taxes) increased 4 points to 283 percent of the 1910-14 average. The relationship between these two index series gave an Oklahoma parity index of 124 in March compared to 124 for February and 100 for March, 1950.

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* Discussed in the February, 1951, issue of *Current Farm Economics.*

**Agricultural Prices, USDA, BAE, March, 1951, p. 1.

TABLE I.—Percentage Changes in March, 1951, Prices from Prices in Selected Months in 1950 by Commodity Groups: Oklahoma.

	From March 1950	From February 1951
All commodities	+39.3	+1.4
Total crops	+43.3	+1.8
Grains	+ 8.8	−2.4
Cotton and cottonseed	+62.9	+3.5
Miscellaneous crops	+18.6	+2.4
Total livestock and livestock products	+32.2	+0.5
Meat animals	+35.2	+0.6
Dairy products	+16.4	−1.1
Chickens and eggs	+31.8	+2.8

Source: Tables of Prices and Price Indexes in this edition of *Current Farm Economics.*

All commodity groups except grains and dairy products contributed to the increase of prices received by Oklahoma farmers in March from February, (Table I).

INCOME

United States.—Cash receipts from farm marketings in 1950 are now estimated at 27.9 billion dollars—1 percent less than in 1949.* Lower prices during the first half of the year, together with a 6 percent decline in the volume of farm marketings, was more than enough to offset the higher prices during the last half of 1950.

Slightly lower cash receipts, coupled with higher production costs, caused the net farm income in the United States to decline 8 percent from 1949 to 13.0 billion dollars in 1950. This decline, following sharp drops in 1948 and in 1949, resulted in an overall decline of 27 percent from the record high 1947 net farm income of 17.8 billion dollars.

Cash receipts from farm marketings during the first 2 months of 1951 tentatively are estimated as 4.4 billion dollars. This is approximately 15 percent larger than in the same period of 1950. Although the volume of sales is smaller than a year ago, the higher prices were able to offset this smaller volume to cause the increase in cash receipts. All this increase was attributed to increased receipts from the sale of livestock and livestock products, since crop receipts were slightly smaller than a year earlier.

Oklahoma.—Cash receipts from farm marketings were down about 13 percent from 1949 to 527 million dollars in 1950. The relatively short crop year was primarily responsible for this decline. Receipts from the sale of crops were down 28 percent from 1949 to 225 million

* The Farm Income Situation, USDA, BAE, January-February, 1951, pp. 1-2.

dollars in 1950, while receipts from the sale of livestock and livestock products were up 4 percent from 1949 to 301 million dollars in 1950.—*Leo V. Blakley.*

COTTON

Domestic consumption of cotton is continuing at high rates. Mills consumed an average of 45,500 bales per day in February compared to 37,600 bales per day in February, 1950, and 42,500 bales in January, 1951. Some mills have their production sold ahead into the last quarter of this calendar year.

The price freeze slowed exports, and about 610,000 of the 3,496,000 bales allocated for export to March 31 had not been licensed by March 19. The period for the license and export of this allocated cotton was extended through April. More likely will be allocated for export. The domestic carryover is expected to be near the minimum that will permit mills in this country to operate until the new crop becomes available.

The price freeze on cotton probably will remain about as it is now until June 30, 1951. The Defense Act under which the freeze was established expires on that date, and the changes that will be made are controversial and uncertain. The range in possibilities appears to be from slightly lower ceiling prices on cotton to possible exemption from the freeze, with price controls exercised through export licenses. American cotton is now around 30 cents per pound lower than comparable growth on the world market. Present laws provide for loans on cotton at 90 percent of parity as calculated in August. Present laws also provide for inclusion of the 1951 cotton acreage in determination of allotments, if any, in future years. It now appears that the 1951 crop will sell for between 30 and 45 cents per pound, depending largely on developments in production, inflation controls, and defense activities.

Oklahoma.—The loss of wheat from insects and other causes will cause considerable increase in the cotton acreage planted in Oklahoma. The supply of registered and certified cotton seed of the preferred varieties is inadequate for all farmers to get the amounts they want. However, gin run seed likely will be available in Oklahoma, and are of comparatively good quality since many are from certified or registered, or first-year seed adapted to the area. Probably in most cases few if

any of the Oklahoma gin run seed will be farther from the breeders than second-year seed.

In some areas, row crop implements and tractors are scarce, but it is likely that they can be obtained, although not of the model preferred and perhaps not always from a local dealer. Harvest labor and cotton strippers seem likely to be the items in shortest supply needed for cotton production. Orders for cotton strippers may need to be placed early—even now—if they are to be filled.—*John D. Campbell.*

CASTOR BEANS

Castor bean production will be expanded in Oklahoma in 1951. By-products of castor beans are needed for the defense program. The oil and chemicals are used in making water-proof material, hydraulic fluid, plastics, nylon, inks, electrical systems, and many other products.

The acreage goal in Oklahoma for 1951 is approximately 27,000 acres. Availability of planting seed is the limiting factor in acreage that may be planted. To facilitate seed distribution, harvesting, hulling, and marketing, the crop is to be grown in designated areas. Production areas have been established at Altus, McAlester, Erick, and Holdenville. Other production areas are being considered for Henryetta, Ardmore, and the Stillwater vicinity.

The government, through the Production and Marketing Administration, will support the price at a minimum of about 10 cents per pound "hulled basis" at the time of delivery. Grade and quality will enter into the final determination of the price received. Present prices are higher than the 10 cents per pound support price.—*James R. Enix.*

WHEAT

To many Oklahoma wheat farmers, wheat price prospects are at present secondary to those of wheat production prospects. Although the price of Chicago July wheat futures passed the $2.50 mark during the first week of April, reports of poor wheat conditions are received from many parts of the state.

Hotel lobby conversations at the meeting of the Farmers Cooperative Grain Dealers Association of Oklahoma at Enid, April 5, indicated that wheat conditions were poor in Southwestern and far Northwestern Oklahoma, and that conditions were reasonably good in some counties in West and North Central Oklahoma. A hasty examination of some estimates made by elevator managers of wheat conditions in their communities showed a range of from 1 to 100 percent of what might usually be expected in these areas. These data are not presented with the idea

of indicating the actual amount of wheat production, but rather to show that the expected production now is relatively low.

This picture of expected low production was borne out by the April General Crop Report, which gave an indicated 1951 production of 41,880,000 bushels—a condition 52 percent of normal. This is an indicated yield of 6.5 bushels per seeded acre as compared with 7.3 bushels in 1950 and 12.5 bushels for the 10-year average (1940-49).

No one factor is responsible for this expected low production, but among the most important are greenbugs, cutworms, and lack of moisture. Many fields have been sprayed and, in a number of cases, ladybugs have been brought in in an effort to cut down numbers of greenbugs.

Prospects continue for relatively high wheat prices. They may be expected to remain there, certainly, at least, if the present loan program and method of measuring parity continue in effect. There is some talk of having the parity price fixed.—*Adlowe L. Larson.*

Owing to heavy use during recent months, the record feed grain supply of the country is fast declining. January 1 stocks, though at the highest levels on record, exceeded only slightly the peaks of the last two years. Increasing numbers of grain-consuming animal units and an expected continuation of the relatively heavy current rates of feeding, combined with continued large exports of corn and grain sorghums, will likely reduce the October carryover, to a point considerably below last year's high level.

Much of this change in supply position is expected to be due to corn utilization, since the late harvest in 1950 induced heavy feeding of old corn. At present prices in Oklahoma, grain sorghum is about one-fifth cheaper than corn, whose prices reflect the cost of inshipment and the current strong demand in the feeding areas.

Hay stocks the country over appear to be ample in proportion to the number of roughage-consuming animals, although in the south central states supplies are about the same as the average for the last five years. Heavy utilization occurred in December because of poor quality and the early disappearance of wheat pastures.

Production of vegetable protein cakes and meals continues to outrun last year's rate, and supplies appear to be ample for properly balancing livestock rations. Thanks to a large soybean output, prices remain comparatively reasonable in spite of a short cottonseed supply. Current prices paid by Oklahoma farmers for soybean meal are about 4 percent below those paid for cottonseed meal. In central markets, the difference is even greater in favor of the soybean product, so it may be expected that this advantage will continue for a time.

Output of high protein feeds from animal sources in the last quarter of 1950 was 7 percent higher than for the same period of 1949. Other by-product feeds exceeded last year's output by 3 percent. About three-fifths of this production consists of wheat millfeeds.

Oklahoma's range feed condition as of March 1 was reported by the Crop and Livestock Reporting Service at 79 percent, which is about the same as the 10-year average, but 5 points below last year's report of the same date. Except in the southwest sections, soil moisture conditions have been improved since January 1, so that spring grass should get off to a fair start.—*F. L. Underwood.*

BEEF CATTLE

In addition to the new federal grade standards for steer, heifer and cow carcasses (*Current Farm Economics*, February, 1951, p. 14), new federal grade standards have also been revised for slaughter cattle.

The January issue of the Livestock and Meat Situation summarizes the new grades for slaughter cattle as follows:

(1) The old *Prime* and *Choice* slaughter grades are combined under the name *Prime;* (2) The old *Good* grade for slaughter steers and heifers is renamed *Choice;* (3) A new *Good* grade is set up for young steers and heifers formerly included in the top half of the old *Medium* grade; (4) The new *Commercial* grade includes the remainder of the steers and heifers in the old *Medium* grade; for cows, the new *Commercial* grade includes animals formerly grading *Good* or in the upper half of the old *Medium* grade and is the top grade for cows; (5) The old *Common* grade is renamed *Utility.*

Two grades of bulls and stags are also changed. For both these

classes, the old *Medium* grade is renamed *Commercial*, and the *Common* grade is renamed *Utility*.

Official market news reports have been on the basis of these new grades since January 1.

Highest Number of Beef Cattle Reported

The number of beef cattle this January ranks as the highest ever reported on feed and for breeding stock, according to the Bureau of Agricultural Economics. Cattle totaling 4.7 million were reported to be on feed, 5 percent above a year earlier. The number of beef cows equaled 18.4 millions, 10 percent above their previous record on January 1, 1950.

Further Expansion Expected

Indications are that cattle numbers will be expanded further this year. Favorable factors for this expansion include adequate feed grain and hay supplies, high cattle prices, and improved pastures.

An unfavorable factor is the need for increased production of almost all major crops which may limit forage acreages.

Meat Production Above Last Year

Production of meat this year has exceeded levels of a year earlier. Meat production is expected to total moderately larger in 1951 than in 1950. Pork is expected to lead in the increase; beef supplies are expected to be slightly larger. Approximately as much veal but less lamb and mutton is expected as compared to last year.

High Cold Storage Holdings Chiefly Pork

Additions to cold storage holdings of meats of 188 million pounds during January were larger than usual. Total holdings on February 1 equaled 957 million pounds, with pork constituting approximately 70 percent of the amount.

Meat Prices Exceed Price Control Levels

On January 26, all meats were placed under price control. Ceilings are the highest prices of the period from December 19 to January 25. The Bureau of Agricultural Economics reports that as of February 15, prices of all species of meat animals were above the unadjusted minimum price ceilings.

All dealers, including wholesale and retail meat dealers, were required to file with the Economic Stabilization Agency by March 1, a record of prices charged during the base period.

Although prices on live animals were not placed under controls, the Office of Price Stabilization has indicated that price ceilings are planned for them.

No Price Controls on Farm Slaughter

Sale of meat from farm slaughter is excluded from price controls, providing the total of such sales does not exceed $200 in any one calendar month.

Home Butchering, Except Custom Slaughtering, Unaffected by Quotas

In addition to price controls, a slaughter control and quota system was established on February 9 by the Office of Price Administration. Besides farmers, only registered slaughterers can slaughter livestock. Farmers who sell meat are not permitted to increase their sales. Farmers who slaughter for their own consumption are not subject to control.

If a farmer has livestock custom slaughtered, he must certify his eligibility for the service; the slaughterer is subject to the established slaughtering quotas.

Price Outlook Strong

Although meat supplies are expected to be somewhat larger this year, rising defense expenditures will bring further increases in consumer incomes. Consumers may increase the percentage of their incomes for meat, because of their inability to get other consumer goods. If consumers were to retain their 1950 pattern of expenditures, prices of some meats might sell below ceiling prices. On the other hand, if larger proportions of consumer incomes are spent on meats, the demand for meat at ceiling prices would likely exceed the supply.—*Robert L. Tontz.*

DAIRY

Prices of manufactured dairy products, except butter, have been steady during the past month. Butter declined 2 to 3 cents per pound. Fluid milk prices generally are slightly higher than in the fall of 1950. Prices paid to farmers by dealers for fluid milk were 11 percent higher in February, 1951, than for February, 1950.

United States milk production for the first two months in 1951 was about 2 percent smaller than the record production for the same month one year earlier.

Consumption of fluid milk and cream is higher than last year. With smaller production and larger uses of fluid milk, the amount available for manufacture is proportionately smaller. Also, production of evaporated milk, ice cream, and dry whole milk is running higher com-

pared to one year earlier, but there is a reduction in the market of butter and cheese.

On March 15, the United States Department of Agriculture announced the following support prices per pound for dairy products for the 12 months beginning April 1, 1951:

Butter—U.S. Grade A or higher	$ .66
Butter—U.S. Grade B	.64
Cheddar Cheese—U.S. Grade A or higher	.36
Nonfat Dry Milk Solids—Spray Type (U.S. Extra)	.15
Nonfat Dry Milk Solids—Roller Type (U.S. Extra)	.13

These prices give supports of 87 percent of parity equivalent for manufacturing milk and 90 percent of parity for butterfat. These support prices are higher by 10 percent for butter, 16 percent for cheese, and 20 percent for spray powder than for 1950. Almost all dairy products purchased in 1950 under the support program have been sold, except 36 million pounds of dry nonfat milk powder.

Purchases from Oklahoma processors in 1950 amounted to 4,976,000 pounds of butter and 229,000 pounds of cheese. As purchases were limited to the higher grades which can be stored, some sales of butter and cheese were made in 1950 below support price levels. There is much need for more quality improvement so these products will meet consumer demand and can be stored for longer periods. This will result in higher prices to producers.

As consumer incomes are expected to remain high throughout 1951, dairy product prices are expected to follow this trend with seasonal variations.—*A. W. Jacob.*

HOGS

Hog slaughter was especially large for the first few weeks of January; however, it decreased sharply as marketings were completed for the 1950 spring pig crop. This decrease in supply influenced the upward movement of prices during February. However, volume marketings of the fall pig crop began in March with a seasonal increase in the number of hogs slaughtered.

The increased supply was reflected in lower prices for hogs during March. From April to August, slaughter will be considerably above a year earlier because of the 9 percent larger fall pig crop.* With an increase in the 1951 spring pig crop, the total production of pork for this year will be greater than in 1950.

* *The Livestock and Meat Situation*, USDA, BAE, February, 1951, p. 11.

The relationship of hog prices to those of other meat animals probably will not be as strong during this year as in recent years, but relative to feed prices they may be about average.

The number of hogs on farms in January of this year was 65.0 million head as compared to 60.5 million head a year ago. This increase resulted from a larger fall pig crop and an increase in the number of sows kept for spring farrowing.—*Howard S. Whitney.*

POULTRY

Chickens.—Prices paid Oklahoma farmers for chickens have increased since the first of the year. Average poultry prices increase at this time of the year when marketing of hens declines and young chickens come to make up a larger proportion of the total number sold. This year most of the increase in price must be attributed to other forces, however. Chiefly, these are:

(1) Continued strong purchasing power of consumer and (2) increasing prices for red meats which cause consumers to shift a part of their demand to poultry, even at increasing prices.

It appears probable that poultry prices in the months ahead will continue to be influenced chiefly by consumer purchasing power and the price of competing foods.

More chicks were hatched during February, 1951, than during any previous February for the nation as a whole, and about 12 percent more than during February, 1950. Chicks hatched in Oklahoma during February numbered 2,350,000. While this was somewhat larger than the 2,100,000 hatched a year earlier, it is less than the 1945-49 February average of 2,985,000. This demand results from satisfactory prices for both eggs and chickens this spring.

Eggs.—Egg prices have remained firm since the first of the year if we disregard short periods of fluctuation. The March 15 quotation of 37.1 cents per dozen for Oklahoma was up .4 cent above a month earlier, 9.3 cents above a year earlier, and 5.1 cents above the preceding nine quotations for March 15. Average seasonal movement for the past nine years would indicate only a slight decrease up to mid-June with some increase thereafter. The egg-feed ratio has changed but little this year, ranging from 10.3 in January to 9.7 for February and up to 9.9 for March 15. This ratio, while more favorable than last year, is still under the average of the past nine years.—*E. A. Tucker.*

SHEEP, LAMBS AND WOOL

With the continued strong demand for meat, the price of sheep and lambs is expected to remain relatively strong. The latest reports

TABLE II—Egg Prices Received by Oklahoma Farmers, January 1942 to March 15, 1951.
(Cents per dozen)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	30.2	24.8	25.0	24.4	25.7	27.0	27.0	27.5	29.4	31.4	33.2	34.7	28.4
1943	35.4	33.3	32.9	32.4	32.9	33.3	32.6	32.6	34.3	37.5	39.0	39.6	34.6
1944	32.4	31.6	29.7	26.0	26.7	27.0	28.0	28.5	29.9	32.6	38.6	41.1	31.0
1945	37.5	31.2	30.7	30.8	30.5	31.1	32.3	33.5	30.0	35.0	44.7	45.5	34.4
1946	37.5	29.4	30.1	29.7	30.0	30.0	32.0	32.0	40.0	44.0	41.0	43.0	34.9
1947	38.1	35.1	36.0	37.5	36.5	36.7	38.3	37.4	43.6	47.8	47.7	57.6	41.0
1948	44.3	39.7	38.3	38.3	35.4	36.4	37.0	38.0	41.7	46.0	52.0	53.0	41.6
1949	43.0	40.5	37.9	38.3	38.4	36.7	36.5	38.4	42.4	46.0	46.1	40.9	40.4
1950	28.4	27.6	27.8	26.3	26.1	25.9	26.4	29.4	32.9	36.5	40.5	59.2	32.2
1951	37.5	36.7	37.1										

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

TABLE III.—Chicken Prices Received by Oklahoma Farmers, January 1942 to March 15, 1951.
(Cents per pound)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	14.8	15.3	15.8	16.1	16.8	16.8	15.9	16.7	17.9	17.8	17.2	17.7	16.6
1943	19.0	19.8	20.7	22.1	22.1	22.6	22.3	21.7	22.0	22.3	22.5	21.9	21.6
1944	21.9	22.2	22.2	21.4	21.5	21.8	21.8	21.4	22.0	21.4	21.4	22.1	21.8
1945	21.8	22.1	22.5	23.2	24.0	24.7	24.9	25.8	22.8	21.8	20.9	21.4	23.0
1946	21.6	21.6	21.7	22.4	23.5	23.4	25.5	23.4	24.0	27.0	21.9	22.4	23.2
1947	22.4	21.2	23.0	23.8	23.5	22.2	22.0	22.0	22.5	23.4	22.1	21.6	22.5
1948	22.2	22.4	23.0	24.0	24.0	26.0	28.2	25.7	27.0	26.4	25.8	28.0	25.9
1949	27.0	27.0	26.2	28.1	24.8	21.6	20.0	20.4	20.6	19.8	19.9	19.7	22.9
1950	17.3	18.2	19.5	19.3	18.4	18.4	18.4	20.8	19.6	19.2	19.5	19.7	19.0
1951	21.0	23.6	25.0										

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

TABLE IV—Poultry Ration Cost Per 100 Pounds, to Oklahoma Farmers, January 1942 to March 15, 1951. (Dollars)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	2.01	2.07	2.13	2.12	2.11	2.11	2.10	2.17	2.16	2.14	2.16	2.20	2.12
1943	2.37	2.39	2.45	2.53	2.60	2.63	2.71	2.77	2.75	2.77	2.82	2.86	2.64
1944	2.91	2.92	2.92	2.95	2.96	2.91	2.88	2.87	2.78	2.71	2.71	2.69	2.85
1945	2.72	2.73	2.76	2.79	2.78	2.80	2.84	2.86	2.85	2.89	2.91	2.94	2.82
1946	2.96	3.02	3.10	3.11	3.35	3.49	3.84	3.81	3.63	3.58	3.63	3.47	3.42
1947	3.39	3.42	3.77	3.85	3.85	3.81	3.94	4.08	4.35	4.42	4.53	4.76	4.01
1948	4.92	4.36	4.47	4.56	4.48	4.34	4.17	3.77	3.51	3.43	3.45	3.53	4.08
1949	3.52	3.41	3.45	3.52	3.45	3.29	3.33	3.32	3.29	3.27	3.25	3.30	3.37
1950	3.29	3.29	3.34	3.45	3.53	3.45	3.53	3.56	3.44	3.34	3.39	3.52	3.43
1951	3.65	3.78	3.76										

TABLE V—Egg-Feed Price Ratios, Oklahoma*
(Pounds of poultry ration** equal in value to one dozen eggs)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
1942	10.0	12.0	11.7	11.5	12.2	12.8	12.9	12.7	13.6	14.7	15.4	15.8	12.9
1943	14.9	13.9	13.4	12.8	12.7	12.7	12.0	11.8	12.5	13.5	13.8	13.8	13.2
1944	11.1	10.8	10.2	8.8	9.0	9.3	9.7	9.9	10.8	12.0	14.2	15.3	10.9
1945	13.8	11.4	11.1	11.0	11.0	11.1	11.4	11.7	10.5	12.1	15.4	15.5	12.2
1946	12.7	9.7	9.7	9.5	9.0	8.6	8.3	8.4	11.0	12.3	11.3	12.4	10.2
1947	11.2	10.3	9.5	9.7	9.5	9.6	9.7	9.2	10.0	10.8	10.5	12.1	10.2
1948	9.0	9.1	8.6	8.4	7.9	8.4	8.9	10.1	11.9	13.4	15.1	15.0	10.0
1949	12.2	11.9	11.0	10.9	11.1	11.2	11.0	11.6	12.9	14.1	14.2	12.4	12.0
1950	8.6	8.4	8.3	7.6	7.4	7.5	7.5	8.3	9.6	10.9	11.9	16.8	9.4
1951	10.3	9.7	9.9										

SOURCE: "Prices Received by Farmers," Mid-Monthly Release, Agricultural Statistics Division, B.A.E., U.S.D.A., Oklahoma City, Oklahoma.

* These ratios are not indicative of and must never be interpreted as "cost of production." They include only cost of feed, and all other costs of production are in addition.

** Poultry feed ration: percentages of specified feeds include commercial mash, 32.7 percent; home mixed mash, 11.2; commercial scratch, 4.0; corn, 14.0; wheat, 16.3; oats, 9.9; barley, 1.3; sorghum grain, 10.6 percent. Individual producers' ration cost may be more or less than the above stated costs as estimated by the Bureau of Agricultural Economics. In case poultry-ration cost and egg prices for producers in any community differ from those shown in Table IV and Table II, respectively, the actual ratios can be calculated by taking feed cost and dividing by actual egg prices per dozen.

from the Bureau of Agricultural Economics estimate that the early lamb crop is about 2 percent larger this year than last, and this continues the upswing which began a year ago. Previous to this, lamb numbers had been steadily decreasing for the past eight years. The larger lamb crop is not expected to increase marketings of slaughter lambs very much, due to the tendency to increase numbers of ewes on the farm. This will probably result in fewer-than-usual ewe lambs going to market. Demand for replacement ewes should be high.

Wool.—The price producers have been receiving for shorn wool has been advancing continuously for more than a year. Prices are expected to remain high for the rest of the season, due to continued high demand for all forms of wool. Consumer demand will remain high, and considerable increases are expected in military consumption. Total supplies during the present season are smaller than last, and the slight increase in production has not been sufficient to offset the lower stocks at the beginning of the season.

Production of wool in the United States is expected to be larger this year than last, due to a 4 percent increase in the number of stock sheep on farms.—*Ray V. Billingsley.*

Level of Living on Oklahoma Farms

(THE AUTHOR CONCLUDES: Perhaps the most important fact concerning the future is that the present rank of states and counties to each other is not fixed. The present level of living in an area does not necessarily show its potential for the future. If certain changes in farm management and group organization to achieve services and equipment occur in some areas and not as swiftly in others, the last may become first and the first last.)

There is a reason why farmers work hard to produce a big crop and try to market their products at a good price. They want the harvest and the money it brings so that they can enjoy a good living themselves. Americans are proud of their high standard of living and most farm families hope to enjoy a high level of living. (The standard of living is what people think they should have; their level of living is what they do have.)

Good farm living is the end or purpose of the farm family's efforts. But before the level of living on Oklahoma farms can be discussed a plan for measuring living levels must be adopted.

Measuring Levels of Living

Income in dollars is not the best measure of level of living. If dollar income goes up but prices rise even faster, actual living levels may decline, even though more dollars are handled. Often a group working together, such as an REA cooperative, can do things for themselves that could hardly be done by single farm families. Here group spirit is more important than income. Some people with high income seem not to be interested in the goods and services that other people think of as a high level of living. Their attitudes and habits are more important than the funds they have available. Money income is a part of living levels, of course, but dollars are not the whole story. The level of living must be measured in some other way.

An index of farm operators' living levels for counties of the United States has been devised by Dr. Margaret Hagood, a social scientist in the Bureau of Agricultural Economics. The index includes only four items: electricity, telephones and automobiles on farms, and the real value of farm products sold or traded. These four items were chosen because mathematical tests showed each to be related to many other items that most people think of as a good standard of living.

Oklahoma Levels

The average level of living index for all of the counties of the United States is 100, because the index was made that way. The same index for the state of Oklahoma was 79 in 1945. Oklahoma's score, though below the U. S. average, is above the average index for the Southern states, which is 66. It is about the same as the average for the West South Central states.

Within Oklahoma the index values for counties range from a low of 19 to a high of 160. As can be seen in Figure 1, in general the index values go up as one moves from southeast to northwest across the state. The 77 counties in Oklahoma have been classified as nearly as possible in quartiles or "fourths": top, bottom, and second and third. Each quartile is shaded differently on the map. The quartiles almost arrange themselves in diagonal bands across the state. Tulsa county and the western border counties are the only exceptions. Most counties have a score that is not far different from the counties next to them.

Several points should be remembered about these scores:

(1) The index applies to farm operators only; hired men are not included; (2) *all* farm operators are included in the county score, even those with very small farms and jobs in town; (3) the scores are for whole counties, not individual families. Some families in a county may be far above the general county average and other below; and (4) the index is somewhat rough and inexact, even though the four

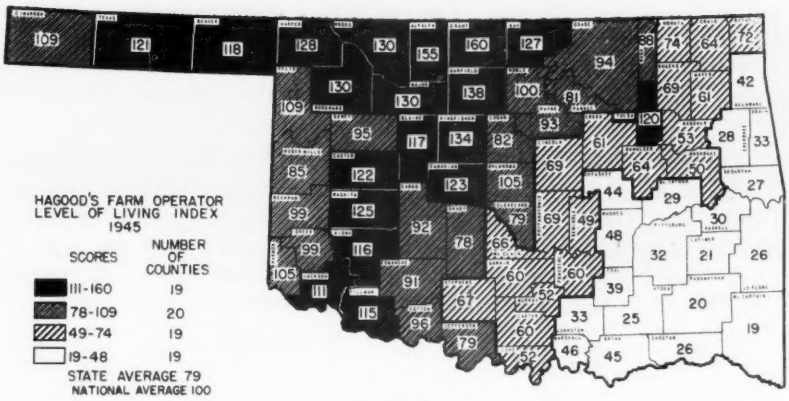

Figure 1.

items on which it is based were carefully chosen. Counties should not be compared with each other too closely.

Change, 1940-1945

Between 1940 and 1945 the index value for the United States as a whole went up from 80 to 100. The state of Oklahoma average went up about the same amount, from 62 to 79, a 27 percent increase over the 1940 score.

Within Oklahoma; only one county failed to improve its score between 1940 and 1945. The counties that had the highest index numbers in 1940 also raised their scores the greatest number of points in the five-year period.* However, some of the biggest *percentage* increases were in counties with low scores. One would expect large percentage increases where the original score was low because if the first score is low, very few points are needed to improve it 30 or 40 percent or more.

Why Do Levels of Living Vary?

It is much easier to show that certain things are found together than to prove that one thing causes another, especially where the activities of people are concerned. But we can at least show that some things occur *with* high or low living levels even though we can't be sure that they are causes.

In Oklahoma farm levels of living seem to correspond rather closely

* The simple, linear correlation coefficient, r, between 1945 score and points change, 1940-45, was .81.

with the fertility of the soil. The best living seems to be found on the best soil, especially when the type of farming is livestock or cash grain rather than cotton growing or subsistence living on cutover wooded areas. High levels of living seem also to be found in areas of mechanized farming and larger farms.**

Rainfall and level of living in Oklahoma in 1945 appear unrelated, or even inversely connected. The areas of greatest rainfall have some of the lowest levels of living. Obviously this does not mean that rainfall is unimportant to farmers' welfare. It does show that the type of soil rain falls on, and what is done with the soil and the water, can be as important, within limits, as the amount of rainfall.

Nearness to a city is important. "The farther farmers live from the city, the lower their level of living is likely to be," say Longmore and Flagg, summarizing a nationwide BAE study of trends in rural and urban levels of living. Farm operators in Tulsa county illustrate the effect of nearness to a city. Tulsa county is a small county, more heavily dominated by a city than most Oklahoma counties. The score of its farm operators is considerably above most of the adjoining counties. The national data clearly show that the more urban the county, the more available are hospitals, doctors, dentists, educational services, electricity, telephones, radios and plumbing, for farm people. The New England, Middle Atlantic and Pacific states have the highest regional scores. So far, at least, community services seem to be more readily organized in and near cities than in areas of sparse settlement where most folks are farmers.

The average level of living in an area can be affected by the moving in and out of families. Suppose that large numbers of the farmers who are having the hardest time to make ends meet move out of a submarginal area. Their leaving will improve the average score for the county even though there is no improvement in the living of those who remain.

The Future

When the level of living indexes have been calculated from the 1950 census information, what will they show?

Almost certainly there will be a general improvement in farm living between 1945 and 1950, just as there was between 1940 and 1945, if not greater. In Oklahoma we can predict that some important absolute improvements will again appear in the areas where living levels were already highest, although there will probably be substantial

** Correlating 1945 county level of living score with the percent of farms having tractors in 1945, $r = .89$; with the average value per farm of implements and machinery in 1945, $r = .85$; with average size of farm, $r = .42$.

point increases and big percentage increases in other parts of the state, too. We know that many farm people have moved out of Oklahoma. If the ones who left were not as well off as those who have stayed, there surely will be an improvement in the average level of living in many counties, because of outmigration alone. Near medium-size and large Oklahoma cities there is likely to be a further improvement in average living levels because of the influence of part-time farmers and rural residents in the rural-urban fringe.

To look beyond 1951 is harder. An unfavorable turn in the long term weather cycle might halt improvement in the western half of the state. But none of us can be sure what the weather will be. A sudden downturn in the business cycle might encourage many families to flee from the cities and re-occupy abandoned farms. Should submarginal areas be repopulated, average living levels might be depressed. If urban prosperity continues, then more outmigration, further consolidation of farms and high levels of living for farm operators are likely. —*Robert A. Rohwer.*

Prices Received by Farmers, Price Indexes, and Indexes of Purchasing Power of Oklahoma Farm Products (1910-1914=100)

(For Information Regarding Figures in Bold Face, See Corresponding Figure in Footnotes.)

	Prices				Price Indexes				Purchasing Power Indexes[1]			
		1951				1951				1951		
	1950 Mar.	Jan.	Feb.	Mar.	1950 Mar.	Jan.	Feb.	Mar.	1950 Mar.	Jan.	Feb.	Mar.
	(Dollars)				(Percent)				(Percent)			
Grain					226	242	252	246	892	87	90	87
Wheat (bu.)	2.03	2.15	2.25	2.17	236	250	262	252	932	90	94	89
Corn (bu.)	1.27	1.46	1.51	1.54	195	225	232	237	772	81	83	84
Oats (bu.)	.86	.95	.97	.98	191	211	216	218	752	76	77	77
Barley (bu.)	1.13	1.29	1.32	1.33	192	219	224	226	76	79	80	80
Rye (bu.)	1.08	1.45	1.48	1.50	125	169	173	175	492	61	62	62
Grain Sorghums (bu.)	1.13	1.14	1.22	1.21	166	168	179	178	66	61	64	63
Cotton and Cottonseed					237	367	373	386	94	132	134	136
Cottonlint (lb.)	.270	.395	.401	.417	239	350	355	369	942	126	127	130
Cottonseed (ton)	42.50	102.00	104.00	105.00	217	521	531	537	86	188	190	190
Miscellaneous Crops					177	199	205	210	702	72	73	74
Potatoes, white (bu.)	1.80	1.60	1.60	1.70	162	144	144	153	642	52	52	54
Potatoes, sweet (bu.)	2.45	2.30	2.40	2.45	199	187	195	199	79	68	70	70
Hay, baled (ton)	15.70	20.50	21.30	21.60	178	232	241	245	702	84	86	87
Total Crops					231	318	325	331	912	115	116	117
Meat Animals					366	455	492	495	1452	164	176	175
Cattle (cwt.)	20.20	25.20	27.20	27.50	418	522	563	569	1652	188	202	201
Calves (cwt.)	23.10	29.20	31.40	32.40	387	489	526	543	153	177	189	192
Sheep (cwt.)	10.40	13.10	18.00	19.20	224	284	389	416	89	103	139	147
Lambs (cwt.)	24.10	30.50	34.20	36.20	414	524	587	621	1642	189	210	219
Hogs (cwt.)	16.30	19.80	21.80	21.10	232	281	310	300	92	101	111	106

Prices and Indexes, Cont'd.

(For Information Regarding Figures in Bold Face, See Corresponding Figure in Footnotes.)

	Prices				Price Indexes				Purchasing Power Indexes[1]			
		1951				1951				1951		
	1950 Mar.	Jan.	Feb.	Mar.	1950 Mar.	Jan.	Feb.	Mar.	1950 Mar.	Jan.	Feb.	Mar.
	(Dollars)				(Percent)				(Percent)			
Dairy Products					232	269	2732	270	92	97	982	95
Milk, wholesale (cwt.)	3.90	4.85	4.902	4.75	202	251	2542	246	80	91	912	87
Butter (lb.)	.63	.67	.68	.67	281	299	304	299	1112	108	109	106
Butterfat (lb.)	.56	.64	.65	.65	239	273	278	278	942	99	100	98
Chickens and Eggs					170	214	218	224	672	77	78	79
Chickens (lb.)	.195	.21	.236	.250	207	223	251	266	82	81	90	94
Eggs (doz.)	.278	.375	.367	.371	156	211	206	208	62	76	74	73
Total Livestock and Livestock Products					301	371	3962	398	1192	134	142	141
All Commodities					252	334	346	351	100	121	124	124

SOURCE: Compiled by Dept. Agri. Econ., Oklahoma A. and M. College, from data supplied by Bureau of Agricultural Economics, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C.

For previous years, see Oklahoma Agri. Exp. Sta. Bull. 238, *Oklahoma Farm Price Statistics, and Current Farm Economics*, Okla. Expt. Sta. Series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr., 1940. Tables 16-19, and subsequent issues.

[1] The ratio of prices received by farmers to prices paid by farmers for commodities used in living and production.
[2] Revised.

—Joyce Van Den Broeder.

Price Indexes in the United States and Oklahoma and Indicators of Changes in Domestic Demand

Year and Month	PRICE INDEXES Average 1910-14=100					INDICATORS OF CHANGES IN DOMESTIC DEMAND	
	Index of Prices Received by Farmers		Index of Prices Paid by Farmers	All-Commodity Index of Wholesale Prices	Oklahoma Hog-Corn Price Ratio[2]	Index of Demand Deposits	Index of Factory Payrolls[5]
	Oklahoma[1]	United States	United States	United States		Oklahoma[3, 4]	
						1923-25=100	1939=100
1925	164	156	157	151	11.05	106.5	
1926	134	145	155	146	16.44	102.0	
1927	134	139	153	139	14.54	100.5	
1928	151	149	155	141	10.72	100.3	
1929	145	146	153	139	10.65	92.3	
1930	112	126	145	126	11.04	77.4	
1931	71	87	114	107	14.30	60.6	
1932	51	65	98	95	14.59	47.3	
1933	65	70	99	96	7.36	44.9	
1934	90	90	112	109	4.73	53.3	
1935	107	108	117	117	10.35	60.8	
1936	109	114	116	118	9.33	74.6	
1937	118	121	123	126	11.36	82.1	
1938	82	95	116	115	15.64	84.9	
1939	84	93	121	113	11.33	89.4	
1940	92	98	123	114	8.61	92.0	113.6
1941	117	122	130	127	13.77	86.6	164.9
1942	152	157	152	144	14.35	107.4	241.5
1943	172	188	167[r]	150	11.69	162.3	331.1
1944	181	195	176	152	10.56	215.9	343.7
1945	184	202	181	154	11.95	285.3	293.5
1946	226	233	203	177	11.56	335.3	271.1
1947	286	278	246	222	13.34	348.5	326.9
1948	293	287	264	241	12.69	358.3	351.4
1949	257	251	253	226	15.00	317.1	325.2
1950	272	256	261[r]	236	14.25	316.8	371.9
1951 Jan.	331	300	277	263[r]	13.56	283.9	——
Feb.	316	313	279	268	14.41	277.6	——
Mar.	351	311	283	268	13.70	——	——

SOURCES: Indexes of Oklahoma prices received by farmers, computed by Dept. Agri. Econ., Okla. Agri. Exp. Sta., Stillwater, Oklahoma. Indexes of U. S. prices received and prices paid by farmers and indexes of U. S. wholesale prices, from *Agricultural Prices*, Bur. of Agri. Econ., U.S.D.A., Washington, D. C. Indexes of demand deposits in Oklahoma, calculated by Dept. Agri. Econ., Okla. Agri. Exp. Sta., from data furnished by Federal Reserve Board, Washington, D. C. Indexes of factory payrolls, from U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.

[1] Prices received by Oklahoma farmers for 21 commodities. For data prior to 1925 see Okla. Agri. Exp. Sta. Bul. No. 238.

[2] These figures indicate the number of bushels of corn that could be purchased with 100 pounds of live hogs at current Oklahoma prices received by farmers.

[3] Demand deposits of Oklahoma member banks of the Federal Reserve System located in places under 15,000 population.

[4] Index numbers based on net demand deposits prior to 1936 and upon gross demand deposits since that date. For a discussion of this index see CURRENT FARM ECONOMICS, Oklahoma Agricultural Experiment Station Series 49, Vol. 13, Nos. 1 and 2, Feb.-Apr. 1940 p. 41.

[5] Unadjusted for seasonal variation.

[r] Revised.

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